

**SOCCER AUSTRALIA LIMITED**

NATIONAL SECURITIES INFORMATION CENTRE  
AUSTRALIAN SPORTS COMMISSION  
155 BAKER STREET  
BRUCE A.C.T. 2617  
AUSTRALIA

**DIRECTORS' REPORT**

11 JAN 2000

The Directors present their report together with the accounts of Soccer Australia Limited and the consolidated accounts of the economic entity, being the Company and its controlled entities, for the year ended 30TH SEPTEMBER, 1998 and the Directors' report thereon.

**DIRECTORS**

The names and qualifications of the Directors of the Company in office at the date of this report are:

**BASIL SCARSELLA B.EC, CPA.**

Chairman

Age 43

Former Deputy Chairman of South Australian Soccer Federation

Player Life Member Cambelltown City Soccer Club

**WALLACE JOHN DANN FCPA.**

Deputy Chairman

Age 58

President of the Queensland Soccer Federation Ltd

Life Member of the Queensland Soccer Federation Ltd

Life Member and former President of the Grange Thistle Soccer Club

Head of Delegation for Australia at the 1995 and 1997

FIFA Coca-Cola World Youth Championships

**CAV. DON DI FABRIZIO OAM.**

Director

Age 65

Director of Di Frabro Group of Companies

Trustee of the Victorian Soccer Federation

Life Member of the Victorian Soccer Federation

Former Director of the Victorian Soccer Federation

Patron of Morwell Falcons Soccer Club

Life Member and former President of Morwell Falcons Soccer Club

**GEORGE NEGUS**

Director

Age 56

Director Never Never Holdings

Director Negus Media International

Former presenter 'Foreign Correspondent' ABC Television

Member Order of Australia Council

Life Member Taringa Rovers Soccer Football Club

President Bellingen Junior Soccer Club

Soccer Australia Delegate 1995 FIFA 'Football of the Future' Symposium

Member of the Australian UN 50th Anniversary Committee

**SUE BAKER-FINCH**

Director

Age 45

Member of Project 2000

Director 7th Australian Masters Games

**SOCCER AUSTRALIA LIMITED****DIRECTORS' REPORT****DIRECTORS (CONTINUED)****GREGORY GEORGE WOODS**

Director  
Age 51  
Director of New South Wales Soccer Federation Limited  
Director of Soccer New South Wales Limited

**ANTHONY LABBOZZETTA**

Director  
Age 56  
President of Marconi Club Limited  
Former Director of New South Wales Soccer Federation Limited

**DIRECTORS' MEETINGS**

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	No. of Meetings attended	No. of Meetings Held
Mr. B. Scarsella	11	11
Mr. W. Dann	11	11
Mr. D. Di Fibrizio	9	11
Mr. G. Negus	7	11
Ms. S. Baker-Finch	8	11
Mr. G. Woods	1	1
Mr. A. Labbozzetta	1	1
Mr. D. Hill	9	9
Mr. F. Lenzi	6	9

**PRINCIPAL ACTIVITIES**

The principal continuing activities of the Company in the course of the financial year were the fostering and control of the game of association football in the Commonwealth of Australia. No significant change in the nature of these activities occurred during the year.

**RESULTS**

The consolidated profit (loss) for the year attributable to the members of Soccer Australia Limited was (\$1,344,539) (1997 (\$2,439,689)).

**SOCCER AUSTRALIA LIMITED****DIRECTORS' REPORT****DIVIDEND**

In accordance with the Company's Memorandum and Articles of Association no dividend shall be paid and no dividend has been paid during the financial year.

**REVIEW OF OPERATIONS**

Whilst the 1998 financial result was an improvement on that recorded in 1997, the lack of a major sponsor coupled with higher than expected expenditure on the international program resulted in the loss reported.

**STATE OF AFFAIRS**

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report and the accounts.

**EVENTS SUBSEQUENT TO BALANCE DATE**

Subsequent to year end, the Board of Soccer Australia Limited entered into a contract with the International Management Group of America Pty. Limited. This sponsorship agreement, coupled with the Channel 7 Television contract agreed to in June 1998, is expected to provide the Company with a base from which the sport can achieve operating results sufficient to recoup the accumulated losses reported.

In particular, the Board is focused on the reduction in expenditure and growth in revenue bases to achieve a surplus in the 1998/99 financial year.

Other than the above, no matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected, or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

**LIKELY DEVELOPMENTS**

The next 12 months is a crucial stage in the sports development. The 5 year Strategic Plan is to be launched in 1999 setting the platform for the future of the game.

The opening of the new Olympic Stadium at Homebush will have a powerful Soccer influence with the FIFA All-Stars playing the Socceroos. This match will undoubtedly be the greatest Soccer match ever staged in the country and arguably one of the greatest sporting spectacles ever seen in Australia.

The Olyroos 2000 Olympic preparation is well underway with continued emphasis through 1999.

Season opening spectator and media support of the 1999 Ericsson Cup has been the most significant ever and this is expected to continue throughout the entire season, culminating in another successful final series.



SOCCER AUSTRALIA LIMITED

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

During the financial year, the Company has paid an insurance premium insuring its present officers against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

A confidentiality clause exists in the contract with the insurer, which prohibits the Directors publishing details of the cover provided and premiums paid in respect of such cover.

DIRECTORS' BENEFITS

No Director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts, or the fixed salary of a full-time employee of the Company or of a related corporation by reason of a contract made by the Company in which he has a substantial financial interest. Further details of relevant transactions are set out in Note 19 to the financial statements.

For and on behalf of the Board in accordance with a resolution of the Directors.

.....  
BASIL SCARSELLA  
CHAIRMAN

.....  
WALLACE JOHN DANN  
DEPUTY CHAIRMAN

Dated: 19th January, 1999



SOCCER AUSTRALIA LIMITED

DIRECTORS' DECLARATION

In the opinion of the Directors -

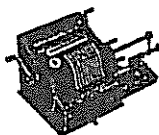
- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the results and cash flows of the Company and the entities that it controls for the financial year ended 30TH SEPTEMBER, 1998 and of the state of affairs as at that date.
- (b) the consolidated accounts have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law;
- (c) there are reasonable grounds to believe that the Company and the entities that it controls will be able to pay its debts as and when they fall due, and
- (d) the financial statements have been made out in accordance with applicable Accounting Standards and Urgent Issues Group Consensus Views.

For and on behalf of the Board in accordance with a resolution of the Directors.

.....  
BASIL SCARSELLA  
CHAIRMAN

.....  
WALLACE JOHN DANN  
DEPUTY CHAIRMAN

Dated: 19th January, 1999



B I L L E R W E L L  
P O W E R S & S M I T H

*Chartered Accountants*

SOCCKER AUSTRALIA LIMITED

AUDITORS' REPORT

SCOPE

We have audited the accompanying financial statements of the Soccer Australia Limited for the year ended 30TH SEPTEMBER, 1998.

The Company's Directors are responsible for the preparation and presentation of the financial statements and the information contained therein. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free from material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view of the company which is consistent with our understanding of the Company's financial position and the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion:

the accompanying accounts are properly drawn up in accordance with the provisions of the Corporations Law, applicable Accounting Standards, and other mandatory professional reporting requirements so as to give a true and fair view of:

- (i) the state of affairs of the Company and the economic entity at 30TH SEPTEMBER, 1998 and of the results and cash flows of the Company and the economic entity for the year ended on that date; and
- (ii) the other matters required by Division 4, 4A and 4B of Part 3.6 of that Law to be dealt with in the financial statements.

BILLERWELL, POWERS & SMITH  
Chartered Accountants

SYDNEY: 19th January, 1999

ROSS E. CHAPMAN – Partner

Billerwell Powers & Smith  
Level 2 140 Sussex Street Sydney 2000  
GPO Box 1442 Sydney 2001  
Phone (02) 9299 8728 Fax (02) 9262 1676



Liability is limited  
by the Accountants  
Scheme


**SOCCER AUSTRALIA LIMITED**
**BALANCE SHEET AS AT 30TH SEPTEMBER 1998**

	Note	Consolidated		Company	
		1998 \$	1997 \$	1998 \$	1997 \$
<b>CURRENT ASSETS</b>					
Cash		68,780	139,578	68,778	139,576
Receivables	5	525,199	1,225,620	525,199	1,225,620
Other	6	43,003	131,766	43,003	131,766
<b>TOTAL CURRENT ASSETS</b>		<u>636,982</u>	<u>1,496,964</u>	<u>636,980</u>	<u>1,496,962</u>
<b>NON-CURRENT ASSETS</b>					
Investments	7	-	-	2	2
Property, plant and equipment	8	563,860	617,086	563,860	617,086
<b>TOTAL NON-CURRENT ASSETS</b>		<u>563,860</u>	<u>617,086</u>	<u>563,862</u>	<u>617,088</u>
<b>TOTAL ASSETS</b>		<u>1,200,842</u>	<u>2,114,050</u>	<u>1,200,842</u>	<u>2,114,050</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	9	2,450,734	2,140,041	2,450,734	2,140,041
Borrowings	10	890,163	828,014	890,163	828,014
Provisions	11	89,755	116,964	89,755	116,964
Other	12	102,777	6,100	102,777	6,100
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,533,429</u>	<u>3,091,119</u>	<u>3,533,429</u>	<u>3,091,119</u>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	10	36,341	45,796	36,341	45,796
Provisions	11	4,279	5,802	4,279	5,802
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>40,620</u>	<u>51,598</u>	<u>40,620</u>	<u>51,598</u>
<b>TOTAL LIABILITIES</b>		<u>3,574,049</u>	<u>3,142,717</u>	<u>3,574,049</u>	<u>3,142,717</u>
<b>NET ASSETS</b>		<u>(2,373,207)</u>	<u>(1,028,667)</u>	<u>(2,373,207)</u>	<u>(1,028,667)</u>
<b>MEMBERS' FUNDS</b>					
Reserves	13	355,200	355,200	355,200	355,200
Retained profits (Accumulated losses)		(2,728,407)	(1,383,867)	(2,728,407)	(1,383,867)
<b>TOTAL MEMBERS' FUNDS</b>		<u>(2,373,207)</u>	<u>(1,028,667)</u>	<u>(2,373,207)</u>	<u>(1,028,667)</u>

The balance sheets are to be read in conjunction with the accompanying notes which form part of the accounts.

SOCCER AUSTRALIA LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30TH SEPTEMBER 1998

	Note	Consolidated		Company	
		1998 \$	1997 \$	1998 \$	1997 \$
Operating profit (loss) before abnormal items and income tax	2	(942,050)	(2,439,689)	(942,050)	(2,439,689)
Abnormal items before income tax	2	(402,489)	-	(402,489)	-
Operating profit (loss) before income tax		<u>(1,344,539)</u>	<u>(2,439,689)</u>	<u>(1,344,539)</u>	<u>(2,439,689)</u>
Income tax attributable to operating profit		-	-	-	-
Operating profit (loss) after income tax		<u>(1,344,539)</u>	<u>(2,439,689)</u>	<u>(1,344,539)</u>	<u>(2,439,689)</u>
Accumulated profits (losses) at the beginning of the financial year		(1,383,868)	1,055,822	(1,383,868)	1,055,822
Total available for appropriation		<u>(2,728,407)</u>	<u>(1,383,867)</u>	<u>(2,728,407)</u>	<u>(1,383,867)</u>
Retained profits (accumulated losses) at the end of the financial year		<u>(2,728,407)</u>	<u>(1,383,867)</u>	<u>(2,728,407)</u>	<u>(1,383,867)</u>

The profit and loss accounts are to be read in conjunction  
with the notes to and forming part of the financial statements.





**SOCCER AUSTRALIA LIMITED**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

	Note	Consolidated		Company	
		1998	1997	1998	1997
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from members, sponsors and customers		12,559,276	11,190,892	12,559,276	11,190,892
Interest received		16,665	41,927	16,665	41,927
Payments to suppliers and employees		(12,643,003)	(12,142,721)	(12,643,003)	(12,142,721)
Interest paid		(56,430)	(56,971)	(56,430)	(56,971)
Net cash provided by (used in) operating activities	14	<u>(123,492)</u>	<u>(966,873)</u>	<u>(123,492)</u>	<u>(966,873)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds on sale of property, plant & equipment		-	17,136	-	17,136
Payment for property, plant & equipment		-	(27,692)	-	(27,692)
Net cash provided by (used in) investing activities		<u>-</u>	<u>(10,556)</u>	<u>-</u>	<u>(10,556)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		176,000	56,000	176,000	56,000
Repayments from borrowings		-	(14,508)	-	(14,508)
Lease liabilities repaid		(15,281)	(16,704)	(15,281)	(16,704)
Net cash provided by (used in) investing activities		<u>160,719</u>	<u>24,788</u>	<u>160,719</u>	<u>24,788</u>
Net increase (decrease) in cash held		37,227	(952,641)	37,227	(952,641)
Cash at beginning of year		(601,647)	350,994	(601,649)	350,992
Cash at end of year	14	<u>(564,420)</u>	<u>(601,647)</u>	<u>(564,422)</u>	<u>(601,649)</u>

The statements of cash flows are to be read in conjunction with the accompanying notes which form part of the accounts.



SOCCER AUSTRALIA LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial accounts of the economic entity have been drawn up in accordance with Accounting Standards, Urgent Issues Group Consensus Views and the requirements of the Corporations Law. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied.

Set out below is a summary of the significant accounting policies adopted by the economic entity in the preparation of the accounts.

Principles of Consolidation

The consolidated accounts of the economic entity include the accounts of the Company, being the chief entity, and its controlled entities.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. The controlled entity included in the consolidated accounts was dormant during the year.

The balances, and effects of transactions, between controlled entities included in the consolidated accounts have been eliminated.

Non-current Assets

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present values.

Leasehold property was revalued in 1997. Such revaluations occur from time to time and are not made in accordance with a policy of regular revaluation.

Depreciation and Amortisation of Non-Current Assets

Depreciation has been charged on fixed assets at rates assessed to match the cost of each of the assets over their estimated economic life.

Income Tax

No provision has been made for income tax as the economic entity is exempt in accordance with the terms of Section 50-45 of the Income Tax Assessment Act, 1997.

**SOCCER AUSTRALIA LIMITED****NOTES TO AND FORMING PART OF THE ACCOUNTS****FOR THE YEAR ENDED 30TH SEPTEMBER 1998****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Employee Benefits**

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, long service leave and vested sick leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

**Leased Non-Current Assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of non-current assets and operating leases under which the lessor effectively retains all such risks and benefits. Where non-current assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight line basis over its expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense. Operating lease payments are charged to expense in the periods in which they are incurred.

**Going Concern**

Notwithstanding the deficiency of net assets, the financial report has been prepared on a going concern basis, as the Directors believe that the Company will continue to receive the ongoing support of their bankers and creditors.

**Company Limited By Guarantee**

Every member of the Company undertakes in accordance with the Memorandum of Association of the Company to contribute such amount (not exceeding \$20.00) as may be required in the event of the winding up of the Company during the time that they are a member or within one year afterwards.



## SOCCER AUSTRALIA LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

	Consolidated		Company	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>2. OPERATING PROFIT</b>				
Operating revenue and expenses				
Operating profit (loss) has been arrived at after including:				
Operating revenue				
Other Revenue				
Affiliation fees	670,200	670,200	670,200	670,200
Interest received or due and receivable from:				
Other persons	16,665	41,927	16,665	41,927
Gate receipts	3,829,419	1,274,222	3,829,419	1,274,222
National Registration Fee	616,754	406,411	616,754	406,411
Sponsorship	2,076,000	3,617,955	2,076,000	3,617,955
Television royalties	1,491,100	1,349,940	1,491,100	1,349,940
Government Grants	872,505	1,058,188	872,505	1,058,188
Pools commission - Australia	49,665	47,300	49,665	47,300
Pools commission - P.P.A. and other	388,490	388,500	388,490	388,500
Match fee & Signage income	1,068,961	1,277,228	1,068,961	1,277,228
Proceeds from sale of non-current assets	-	17,136	-	17,136
	<u>11,079,759</u>	<u>10,149,007</u>	<u>11,079,759</u>	<u>10,149,007</u>



**SOCCER AUSTRALIA LIMITED**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

	Consolidated		Company	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>2. OPERATING PROFIT (CONTINUED)</b>				
Operating expenses				
Interest paid or due and payable to:				
Other persons	49,461	47,539	47,539	47,539
Finance charges on capitalised leases	6,969	9,431	9,432	9,431
	<hr/>	<hr/>	<hr/>	<hr/>
	56,430	56,970	56,971	56,970
Non-recoverable trade debts written off to profit and loss account	46,444	53,736	46,444	53,736
Amortisation of:				
Leased assets capitalised	15,659	17,927	15,659	17,927
Depreciation of property, plant and equipment	37,566	52,440	37,566	52,440
Amounts set aside to provision for:				
Employee entitlements	(28,731)	26,080	(28,731)	26,080
Amounts set aside to provision for:				
Doubtful debts	28,039	21,952	28,039	21,952
Loss on sale of property, plant and equipment	-	17,424	-	17,424
Abnormal item - A.T.G. (Holdings) Pty. Limited	152,489	-	152,489	-
Abnormal item - Employee entitlements	250,000	-	250,000	-

**3. REMUNERATION OF DIRECTORS**

Directors' Income

No Directors of the Company or its related entities are remunerated.



## SOCCER AUSTRALIA LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

	Consolidated		Company	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>4. AUDITORS' REMUNERATION</b>				
Total amounts received or due and receivable by the auditors of the Company for:				
- Audit of the Company's accounts	38,000	27,500	38,000	27,500
- Accounting, secretarial, support staff and other services	117,532	74,300	117,532	74,300
	<u>155,532</u>	<u>101,800</u>	<u>155,532</u>	<u>101,800</u>
<b>5. RECEIVABLES</b>				
<b>CURRENT</b>				
Trade debtors	408,279	446,601	408,279	446,601
Provision for doubtful debts	99,992	71,952	99,992	71,952
	<u>308,287</u>	<u>374,649</u>	<u>308,287</u>	<u>374,649</u>
Other debtors	216,912	850,971	216,912	850,971
	<u>525,199</u>	<u>1,225,620</u>	<u>525,199</u>	<u>1,225,620</u>
Trade debtors include the following amounts owing by related parties:				
- Directors	470	-	470	-
<b>6. OTHER ASSETS</b>				
<b>CURRENT</b>				
Prepayments and other	43,003	131,766	43,003	131,766
	<u>43,003</u>	<u>131,766</u>	<u>43,003</u>	<u>131,766</u>



**SOCCER AUSTRALIA LIMITED**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

	Note	Consolidated		Company	
		1998 \$	1997 \$	1998 \$	1997 \$
<b>7. INVESTMENTS</b>					
NON-CURRENT					
Shares in controlled entities	16				
Unquoted - at cost		-	-	2	2
		<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>					
Leasehold property - at Directors' valuation		355,200	355,200	355,200	355,200
Less: Accumulated depreciation		-	-	-	-
		<u>355,200</u>	<u>355,200</u>	<u>355,200</u>	<u>355,200</u>
Plant, equipment & motor vehicles - at cost		444,471	444,471	444,471	444,471
Less: Accumulated depreciation		294,025	256,459	294,025	256,459
		<u>150,446</u>	<u>188,012</u>	<u>150,446</u>	<u>188,012</u>
Plant, equipment & motor vehicles under lease		99,882	99,882	99,882	99,882
Less: Accumulated amortisation		41,668	26,008	41,668	26,008
		<u>58,214</u>	<u>73,874</u>	<u>58,214</u>	<u>73,874</u>
Total plant & equipment		<u>208,660</u>	<u>261,886</u>	<u>208,660</u>	<u>261,886</u>
Total property, plant & equipment		<u>563,860</u>	<u>617,086</u>	<u>563,860</u>	<u>617,086</u>

The Company holds a leasehold interest in Unit 2 - The Australian Soccer Federation House, Phipps Close, Deakin, ACT, which was acquired at no cost as a result of its participation in a joint venture development to construct the building.

The Directors' valuation as at 30th September, 1997 of Unit 2 - The Australian Soccer Federation House, Phipps Close, Deakin, ACT is based on an independent current market valuation prepared by Frank P. Brodrick, FVLE (Val) of McCann and Associates on 17th February, 1997 carried out on behalf of the joint venture.



**SOCCER AUSTRALIA LIMITED**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

	Note	Consolidated		Company	
		1998 \$	1997 \$	1998 \$	1997 \$
<b>9.ACCOUNTS PAYABLE</b>					
<b>CURRENT</b>					
Trade creditors		1,188,386	1,109,286	1,188,386	1,109,286
Other creditors and accruals		1,262,348	1,030,755	1,262,348	1,030,755
		<u>2,450,734</u>	<u>2,140,041</u>	<u>2,450,734</u>	<u>2,140,041</u>

**10.BORROWINGS**

<b>CURRENT</b>					
Bank overdraft - secured	17	633,200	741,225	633,200	741,225
Lease liabilities	15	24,963	30,789	24,963	30,789
Other loans - unsecured		232,000	56,000	232,000	56,000
		<u>890,163</u>	<u>828,014</u>	<u>890,163</u>	<u>828,014</u>

Other loans - unsecured include the following amounts owing to related parties:

- Directors

		<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>
--	--	---------------	---------------	---------------	---------------

**NON-CURRENT**

Lease liabilities	15	36,341	45,796	36,341	45,796
		<u>36,341</u>	<u>45,796</u>	<u>36,341</u>	<u>45,796</u>

The lease liability is secured by a charge over the leased assets.





**SOCCER AUSTRALIA LIMITED**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

	Consolidated		Company	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>11. PROVISIONS</b>				
<b>CURRENT</b>				
Employee entitlements - including on costs	89,755	116,964	89,755	116,964
	<u>89,755</u>	<u>116,964</u>	<u>89,755</u>	<u>116,964</u>
<b>NON-CURRENT</b>				
Employee entitlements - including on costs	4,279	5,802	4,279	5,802
	<u>4,279</u>	<u>5,802</u>	<u>4,279</u>	<u>5,802</u>
<b>12. OTHER LIABILITIES</b>				
<b>CURRENT</b>				
Compensation Tribunal Deposits	42,777	6,100	42,777	6,100
Income received in advance	60,000	-	60,000	-
	<u>102,777</u>	<u>6,100</u>	<u>102,777</u>	<u>6,100</u>
<b>13. RESERVES</b>				
Asset Revaluation Reserve	355,200	355,200	355,200	355,200
	<u>355,200</u>	<u>355,200</u>	<u>355,200</u>	<u>355,200</u>
Movements during the year:				
Balance at beginning of year	355,200	-	355,200	-
Add: Directors' valuation of leasehold property	-	355,200	-	355,200
Balance at end of year	<u>355,200</u>	<u>355,200</u>	<u>355,200</u>	<u>355,200</u>



## SOCCER AUSTRALIA LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

	Consolidated		Company	
	1998	1997	1998	1997
	\$	\$	\$	\$
14. STATEMENT OF CASH FLOWS				
(a). Reconciliation of net cash provided by operating activities to operating profit (loss) after income tax:				
Operating profit (loss) after income tax	(1,344,539)	(2,439,689)	(1,344,539)	(2,439,689)
(Profit)/Loss on sale of plant & equipment	-	17,424	-	17,424
Amortisation of leased assets	15,660	17,927	15,660	17,927
Depreciation	37,566	52,440	37,566	52,440
Decrease (increase) in receivables	700,421	666,430	700,421	666,430
Decrease (increase) in prepayments	88,763	60,562	88,763	60,562
Decrease (increase) in other assets	-	1,218	-	1,218
Increase (decrease) in trade creditors	79,100	488,333	79,100	488,333
Increase (decrease) in other creditors and accruals	231,592	318,382	231,592	318,382
Increase (decrease) in provision for employee entitlements	(28,732)	26,080	(28,732)	26,080
Increase (decrease) in income in advance	60,000	(171,030)	60,000	(171,030)
Increase (decrease) in other liabilities	36,677	(4,950)	36,677	(4,950)
Net cash provided by (used in) operating activities	<u>(123,492)</u>	<u>(966,873)</u>	<u>(123,492)</u>	<u>(966,873)</u>



**SOCCER AUSTRALIA LIMITED**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

Consolidated		Company	
1998	1997	1998	1997
\$	\$	\$	\$

14. STATEMENT OF CASH FLOWS (CONT.)

(b). Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash on hand	1,202	1,202	1,200	1,200
Cash at bank	67,578	138,376	67,578	138,376
Bank overdraft	(633,200)	(741,225)	(633,200)	(741,225)
	<u>(564,420)</u>	<u>(601,647)</u>	<u>(564,422)</u>	<u>(601,649)</u>

(c). Non-cash financing and investing activities

Property, plant & equipment  
 During the year the economic entity acquired property, plant & equipment with an aggregate fair value of \$Nil (1996 \$32,310) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

	<u>-</u>	<u>32,310</u>	<u>-</u>	<u>32,310</u>
--	----------	---------------	----------	---------------



## SOCCER AUSTRALIA LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1998

	Consolidated		Company	
	1998	1997	1998	1997
	\$	\$	\$	\$
<b>15.COMMITMENTS FOR EXPENDITURE</b>				
<b>LEASE RENTAL COMMITMENTS</b>				
Finance lease rentals are payable as follows:				
- not later than one year	28,818	37,749	28,818	37,749
- later than one year but not later than two years	13,309	13,309	13,309	13,309
- later than two years but not later than five years	26,142	39,452	26,142	39,452
	<u>68,269</u>	<u>90,510</u>	<u>68,269</u>	<u>90,510</u>
less amounts provided for in the accounts:				
Current liability	24,963	30,789	24,963	30,789
Non-current liability	36,341	45,796	36,341	45,796
Total lease liability	<u>61,304</u>	<u>76,585</u>	<u>61,304</u>	<u>76,585</u>
Finance lease expenditure not provided for in the accounts	<u>6,965</u>	<u>13,925</u>	<u>6,965</u>	<u>13,925</u>

The Company had entered into an agreement with The Sydney Cricket & Sports Ground Trust to occupy office premises and to utilise The Trust's sporting grounds for consideration based on gate revenue of fixtures staged at The Trust's grounds and the Trust's costs of staging those fixtures.

The original agreement commenced from the date on which the Trust completed the construction of the premises for a period of 15 years with an option for a further term of 10 years.

Negotiations are continuing with The Sydney Cricket & Sports Ground Trust. An accrual for rental of \$5,000 per month from 1 January, 1997 has been included in the accounts.



**SOCCER AUSTRALIA LIMITED**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

**16. PARTICULARS IN RELATION TO CONTROLLED ENTITIES**

	Class of share	Interest Held		Amount of Investment		Contribution to Consolidated Profit	
		1998	1997	1998	1997	1998	1997
		%	%	\$	\$	\$	\$
Soccer Australia Limited							
Controlled Entities							
The "A" League Pty. Limited	Ord	100	100	2	2	-	-
						-	-

Consolidated		Company	
1998	1997	1998	1997
\$	\$	\$	\$

**17. FINANCING ARRANGEMENTS**

The economic entity has access to the following lines of credit:

Total facilities available:

- Bank overdraft	<u>570,000</u>	<u>900,000</u>	<u>570,000</u>	<u>900,000</u>
------------------	----------------	----------------	----------------	----------------

Facilities used at balance date:

- Bank overdraft	<u>565,622</u>	<u>602,849</u>	<u>565,622</u>	<u>602,849</u>
------------------	----------------	----------------	----------------	----------------

Facilities not utilised at balance date:

-Bank overdraft	<u>4,378</u>	<u>297,151</u>	<u>4,378</u>	<u>297,151</u>
-----------------	--------------	----------------	--------------	----------------

**Bank Overdrafts**

The bank overdraft facility of the Company is secured by a first ranking registered mortgage over the Company's leasehold property at Deakin, ACT and a registered mortgage debenture over the Company's other assets.



## SOCCER AUSTRALIA LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

Consolidated		Company	
1998	1997	1998	1997
\$	\$	\$	\$

## 18. CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities, classified according to the party from whom the contingent liability arises, are set out below. The directors are not aware of any circumstance or information which would lead them to believe that these liabilities will crystallise and consequently no provisions are included in the accounts in respect of these matters.

*In Respect Of The Company*

A bank guarantee, secured by the Company's leasehold property interest at Deakin, ACT and a registered mortgage debenture has been established in favour of The Honourable D.G. Stewart for possible defamation actions arising from the Stewart Report. Released during financial year

-	200,000	-	200,000
---	---------	---	---------

A claim for breach of contract has been lodged against the Company. Liability is denied by the Company and the action is being vigorously defended.

1,193,266	1,193,266	1,193,266	1,193,266
-----------	-----------	-----------	-----------

**SOCCER AUSTRALIA LIMITED****NOTES TO AND FORMING PART OF THE ACCOUNTS****FOR THE YEAR ENDED 30TH SEPTEMBER 1998****19. RELATED PARTIES****Directors**

The names of each person holding the position of Director of Soccer Australia Limited during the financial year were:

Messrs B. Scarsella, W. Dann, D. Di Fabrizio, G. Negus, S. Baker-Finch, D. Hill (resigned August 1998), F. Lenzi (resigned August 1998), G. Woods (appointed September 1998) and A. Labbozzetta (appointed September 1998).

Messrs D. Hill (resigned August 1998), F. Lenzi (resigned August 1998), B. Scarsella (appointed August 1998) and A. Labbozzetta (appointed August 1998) were Directors of The "A" League Pty. Limited during the financial year.

Details of Directors' remuneration are set out in note 3.

The Company entered into a consultancy agreement with Arkootha Pty. Limited, a company in which Mr D. Hill is Director and shareholder during the 1996 financial year. The contract was renewed in July, 1997 for a term of 12 months and stipulates consultancy fees are not to exceed \$75,000. Consultancy fees of \$50,000 were paid during the financial year (1997 \$50,000).

The Directors resolved during the course of the 1995 financial year that on some occasions the Company would meet the reasonable costs of partner accompanied travel undertaken for business purposes. No benefit is deemed to have arisen in respect of any partner accompanied travel.